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**"FOR OUR BEST INTERESTS: PUBLIC OR PRIVATE POWER?"**

*Speakers:*

**REP. WILLIAM E. MILLER**

**LELAND OLDS**

*Moderator:*

**SHEPHERD L. WITMAN**



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**BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR**

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## "FOR OUR BEST INTERESTS: PUBLIC OR PRIVATE POWER?"

**ANNOUNCER:** TOWN MEETING comes to you tonight from Sims Dining Hall on the campus of Syracuse University, where the program is a feature of the annual All-University School of Education dinner attended by students of the summer session. Cooperating are two of the university's leading professional groups -- Pi Lambda Theta, the women's educational honorary sorority and Phi Delta Kappa, the men's educational honorary fraternity. Founded in 1870, Syracuse University is a private university -- serving nearly twelve thousand students in its seventeen schools and colleges. It takes pride in its College of Fine Arts, the first in an institution of higher learning in the United States. Syracuse also is famous for its School of Speech and Dramatic Arts, the Maxwell School of Citizenship, its Audio-Visual Service and programs of teacher education and the preparation of teachers of handicapped children. Our greetings to Chancellor William Pearson Tolly and his associates.

Now to preside as moderator of our discussion, here is Shepherd L. Witman, Director of Residential Seminars on World Affairs. Mr. Witman!

**MR. WITMAN:** The subject which we will discuss tonight is one which grows in importance every day. There has never been a time when so many of us are so dependent on the power generated for us by others. Every day we need more of it to run our factories, to irrigate our fields, to run our trains and trolleys and to give countless services to our homes. Even our foreign policy depends on it for it helps to measure what we can and cannot do in world affairs.

So, if you are a farmer, teacher, factory worker, preacher, middle man or industrial tycoon, you have a vital stake in what we will be talking about here tonight for the next hour. It makes an enormous difference to you if power is increased or decreased, if it flows or stops, if it reaches you or doesn't, or how much of it you can afford.

We have never completely agreed in this country on how our power needs can best be provided for us. Should it be through the public ownership of power or should it be by private ownership? Every once in a while our differences flare up into headlines and policy debate as they have recently over the Dixon-Yates matter, but this is still a question that is always with us.

Now we have two gentlemen with us tonight to help us answer some of these questions for ourselves. They are Mr. Leland Olds and Congressman William Miller. Let us hear first from Mr. Olds.

Currently, head of the Energy Research Associates in Washington, an organization affiliated with the Public Affairs Institute, Leland Olds has had a long and varied career in the public power field. He is former chairman of the Federal Power Commission and has served on numerous committees on electric power. He is the author of many articles and reports on public power policy. Mr. Leland Olds!

**MR. OLDS:** First, I think we should get rid of the idea that there is anything un-American about public power, or that it is a step toward the socialization of private enterprise. An important part of the American electric business has been public since its beginning more than 70 years ago. It has provided the American people with a very valuable check on what would otherwise be unlimited private monopoly of a public business. In important cities like Los Angeles, Seattle, Tacoma, Kansas City, Kansas, Springfield, Illinois, Cleveland, Jamestown, N.Y. and Holyoke, Massachusetts, business men have supported public power as a help to expansion of private enterprise in their communities.

The fastest growing Province in our neighbor Canada has been served for 50 years by the publicly owned Ontario Hydro-Electric Power Commission, distributing through public municipal and rural systems. This system has brought the people much lower electric rates and larger use of electricity than in most of the United States.

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The Tennessee Valley Authority power system, as well as the Bonneville Power System in the Pacific Northwest, both distributing through public and cooperative electric systems, are set up on the same general model as the Ontario system. Both have accomplished the same results in lower electric rates, greater use of electricity, and expansion of private enterprise.

Actually, the right of any American community to have its electric service on a public, cooperative or private basis is unquestioned because the power business is not a private business, but a public service under the laws of all the states. People have turned to public or cooperative power because regulation of private power monopolies was not very effective in bringing them low electric rates or abundant use of electricity, or, in the case of nine-tenths of the farms, any electric service at all. Regulation has been pretty much limited to holding profits to reasonable levels, when the fact is that rates are high not because profits are excessive, but because the companies sell too little electricity for the profits they take.

Privately-owned electric companies, if well managed, could make big reductions in electric rates in all areas where public competition has not already brought their rates close to those now charged in the TVA area. The trouble is that most companies are run by private bureaucracies with little incentive to cut costs or take the risks associated with a real sales-building campaign. It takes the competition of local, public or cooperative electric systems, supplied with low-cost power from government programs, to show them that high costs are the result of high rates, rather than the reverse.

A conservative estimate of savings in the country's electric bills, if public or cooperative electric service were readily available in all parts of the country, would be a billion and a half dollars a year. Or, better yet, the American people could have twice as much electric service for what they now pay.

But there is an issue more important than dollars, for we cannot afford to forget the warnings of President Theodore Roosevelt, Governor Gifford Pinchot, Senator George W. Norris and other statesmen of both political parties, that giant power in the hands of private monopoly would constitute a most serious threat to American democracy.

We all have been objects of the tremendous public relations campaign, reaching into every home and place of business in the land, on which the organized private power companies are spending annually millions of dollars of consumers' and taxpayers' money.

In dealing with the question before the people in this TOWN MEETING OF THE AIR tonight, we cannot overlook this unsanctioned use of huge sums, gathered from the people through private conduct of an essential public service, to manipulate the political decisions of the people themselves. Unchecked, it will poison the wellspring of democracy itself.

MR. WITMAN: Thank you very much, Mr. Olds. That's one point of view. I expect to hear another from Congressman William Miller who, as a lawyer by profession, is serving his third term in the House of Representatives. He is a former District Attorney of Niagara County in upstate New York. Always politically active, he was a member of the Republican Party Speakers bureau during the Presidential campaigns of Willkie, Dewey and Eisenhower. Congressman Miller, let's hear from you.

REP. MILLER: My basic position in the public-private power controversy is derived from what is basic, in my judgment, to the greatness of America and its form of government and the freedom of its people. Underlying our position of world leadership, our prosperity and our freedom, is the free enterprise system. The continuance of that system is seriously threatened in a world of unrest and it will not survive the imposition from within of a foreign ideology whereby government displaces free enterprise.

One of the greatest threats from within to what is basic to America, is the expanding encroachment of government into the field of electric power. Twenty odd years ago when government developed only one-seventh of 1% of the electric power in America, it was said to be justified as incidental to the fulfillment of necessary



government functions in flood control, navigation and reclamation. Now, government develops 15% of all of the power in America, and its continued expansion is urged under the guise of cheap power, and as a normal function of government in the development of our resources.

Government power as "cheap power" is a myth. It is "cheap" only because it is able to avoid the payment of all federal, state and local taxes while over 20% of the electrical bill of the consumers of investor-owned electric companies is devoted to the support of federal, state and local governments -- including the necessary support for our roads, our hospitals, our schools, our police and fire departments and all the other functions of government which are necessary. Government power, on the other hand, is tax-free. The consumers of government produced electricity are subsidized by all of the other taxpayers of the nation. These consumers pay only part of the cost of electric service -- the rest of it is paid in your tax bill and in mine. The average electrical bill of each family in America is 20 cents a day. The average tax bill is \$5.00 a day. It is, therefore, obvious that our best interests lie in the development -- not in the displacement -- of tax-paying business enterprise.

And if government is to develop this resource, the same ideology will soon succeed in having government displace private enterprise in the development of other resources -- timber, coal, oil, gas and minerals. If government is to develop our water power resources, then why not our land resources? Soon we will have become dependent upon government for our food and our fibre. Then, as has happened to millions of unfortunate people in other parts of the world, we will have become dependent upon government, not only for electric power, but for all the rest of our basic needs. The loss of our democracy, our economic freedom and our political freedom will be the drastic consequence, as it has in every country it's ever been tried.

Happily, we in America have long since decided upon a form of government whereby government is a device for carrying out the will of the people, regulated by the checks and balances of politics and free elections. Similarly, we have long since decided upon free business enterprise, regulated by government, as the device for developing our resources and making available our necessary goods and services. When government, which should regulate business enterprise actually displaces it and performs its functions, our whole way of life has become distorted.

Lastly, our best interests require that we not have more government but less government, doing for the people only that which they are unable to do for themselves. Let us confine government to its job of governing and continue to leave to regulated business enterprise the job of running American industry.

MR. WITMAN: Thank you very much, Congressman Miller. Now there is enough meat in both of those to keep these two gentlemen busy for the next hour I know, but I'm not going to allow that to happen because I want you to come in here and ask some questions too and I want you to talk about this yourselves. But I am going to give them some time to expound with each other and explore with each other and disagree with each other, perchance they should. How about it? Do you want to say something about this, Mr. Olds?

MR. OLDS: In the first place, I'd like to just take up Congressman Miller's suggestion that government power is at the expense of the taxpayer. In other words, that it's a subsidized proposition and in order to give you the correct picture of the thing, I'm going to refer right straight off to the figures that are in the report of the so-called Hoover Commission on Organization of the Executive Branch of the Government, dealing broadly with water and power. Incidentally, Mr. Hoover's report will give this propaganda about government power being subsidized a good deal of official sanction, but the facts are as follows. If you take the Hoover figures and interpret them honestly, you will find that federal power has completely paid its way over the entire period in which it has been operating, including the equivalent of all the taxes that equivalent private companies would have paid. Mr. Hoover shows that the financial



requirements over the entire period of history of government power would have been about 1 billion, 578 million dollars, of which computed taxes were 527 million, leaving all other requirements 1 billion, 51 million dollars. He shows that those government power operations actually collected 1 billion, 246 million dollars in revenue, giving a surplus of 195 million dollars for taxes. That represents just 16% of revenue. Now, if you refer to the statistics of the Federal Power Commission, you'll find that companies similar to government power enterprises which engage solely in wholesale power supply only paid 15-1/2% of their revenue in taxes. In other words, the surplus earned by these government power projects over their entire lives makes available -- and it goes to the federal government -- an amount more than equal to what similar private companies would have paid on their revenue.

MR. WITMAN: That's one point of view in regard to an issue which was raised by Congressman Miller. I want to give Congressman Miller a chance to either answer that or take exception to a point which Mr. Olds made in his preliminary statement.

REP. MILLER: Although I didn't bring a copy of the Hoover report with me, I'm familiar with it and all I can say to Mr. Olds is that if that's true and they've made all this money, where is it and who's got it? Being a Congressman, I am called upon to appropriate funds for these things and I also follow closely to see if the taxpayers ever get anything back. Now take the TVA, for instance. Since its creation in 1932, the Congress of the United States has appropriated for the Tennessee Valley Authority 1 billion, 215 million dollars. Do you know how much we got back so far -- as of last night? 75 million dollars, or less than one-tenth of what we have appropriated. Now the fact of the matter is that the Tennessee Valley Authority, in the appropriation bill considered by the Congress last week, asked for 6-1/2 million dollars more from the taxpayers of the country to build a new steam plant in the TVA area. Show me one public power project that's ever paid one-tenth back to the Treasury of the United States that has been appropriated to it and I'll believe it. Furthermore, in the very Hoover report referred to by my distinguished opponent, the figures show conclusively and beyond refutation, that if in the 20 years of operation of the TVA, they had paid the same tax rate for their operation as every investor-owned taxpaying utility in the United States had paid, and if they paid the federal government 3% interest on the money which we have loaned it -- of which they haven't paid any -- and which actually is less in most cases than utilities pay for interest rates -- but if they paid 3% interest to the federal government on money loaned and paid the same taxes that have been paid by the utilities in this country in the 20 years of operation, they would be 107 million dollars in the red.

MR. WITMAN: We don't agree on the matter of subsidization, I think. Do you want to comment on any of your major points in the preliminary statements you have made. Mr. Olds?

MR. OLDS: I would like to just comment on this last remark about TVA. In the first place, the interesting fact is that the effect of the TVA in stimulating the private enterprise of the entire basin has been such that the percentage of personal income taxes paid in the Valley has increased from 3-4/10ths per cent to 6-2/10ths per cent. This means that the Valley has paid, over the period in which the TVA has been operating, about 8 billion dollars more in taxes than it would have paid if there hadn't been this stimulus to the economy of the south. That's about 8 times what the government has invested in the TVA. In the second place, I would like to suggest that the Hoover figures which show that the TVA has a deficit when federal taxes are assessed, is subject to the same criticism that I have just made in interpreting the figures for all federal power projects.

REP. MILLER: The truth of the matter is, of course, that there has been industrial expansion in the TVA area in the past twenty years, but there has been industrial expansion in every area of this country in the last 20 years and it's not due to TVA. As a matter of fact, there has been a greater increase in the State of Texas in industrial expansion than in TVA and they don't have any public power so you can't lay natural expansion in the country in the last 20 years to TVA in that area.



MR. WITMAN: Mr. Olds, do you want to go into that?

MR. OLDS: I would just like to suggest that Texas has had a considerable amount of public power. It has been influenced both by the Southwestern Power Administration and also by two or three major developments within Texas itself -- the Lower Colorado Valley Authority and the Brazos River Irrigation District, which is also a producer of power and which has led the Texas Power and Light Company to make major reductions in its own rates.

MR. WITMAN: This week's winner of the American Peoples Encyclopedia is Ethel Kent of Denver, Colorado, who submitted this question: "If other factors are equal, what cost comparison can be made between public and private power which would justify using one over the other?" Mr. Olds, what would you say to that?

MR. OLDS: I think in simplest terms the way to show which would be justified in terms of such a comparison, would be just to cite some rate comparisons. In Ontario, Canada you have public ownership. In this state you have, in the main, private ownership. Toronto, for instance: a home today uses 387 kilowatt hours a month and for it, it pays \$4.68. In Rochester, New York a home would have to pay \$4.59, or just nine cents less than Toronto pays for 387 kilowatt hours, for 100 kilowatt hours. If a Rochester home were to use 387 kilowatt hours, it would have to pay just about twice as much as it pays in Ontario. Turning to our own country -- and I could make many other comparisons for Ontario, but turning to our own country -- we find that the largest use of electricity by homes is in areas that are served by public systems. In Seattle, for instance, people are using today 6,300 kilowatt hours per year, as against a 2,200 kilowatt hour per year average for the rest of the country, and they only have to pay \$4.40 for 250 kilowatt hours, as against \$6.69 right here in Syracuse.

MR. WITMAN: Now I wonder if this is an adequate demonstration, Mr. Olds, to your satisfaction, that we've got a cost comparison here as an attempt to answer this question -- If other factors are equal, what cost comparison can be made between public and private power to justify using one over the other?

MR. OLDS: Well, in briefest possible expression of the answer, the cost comparison is the best argument for public power or for the influence of public power on adjacent private systems.

MR. WITMAN: All right, and you cited some figures which supported your position. Now how about this, Congressman Miller. What do you feel about it?

REP. MILLER: I am particularly delighted that my distinguished colleague selected Toronto and Rochester, because that is the exact illustration of what happens when people attempt to use figures and figures only, in arguing for public or private power. You can do an amazing amount of clever things with figures. In the first place, in Toronto they have hydro-electric power which is awfully cheap power, naturally. In Rochester, they have steam power which is generated by coal and which is very expensive, in addition to which in Toronto, if you've ever been there, you will notice that the entire transmission system is above the ground so that when you go into a store, you practically have to duck under all the electric lines running down the street. It makes a hideous spectacle of the City of Toronto. In the City of Rochester, all of the electric transmission lines are underground and, of course, it costs more to originally place and to keep maintenance and repairs on underground transmission lines, but it beautifies the City of Rochester and that is what I think the people of Rochester want. Using just one more illustration on rates, the City of Jamestown, New York has a municipal system. They charge \$1.05 for 25 kilowatt hours to the home-owner in Jamestown. They pay no taxes -- Jamestown. Five miles away, the Niagara Mohawk Power Company serves home owners for 25 kilowatt hours at a rate of \$1.03 an hour -- two cents less, although the utility pays twenty-two cents of every dollar it takes in in taxes and still give the power cheaper.

MR. WITMAN: While we're talking about rates here, let's raise this question which each of you might want to push around a little bit, and that is: Isn't regulation adequate to assure a low rate? Do you have to go all the way into public power and private power adequately regulated to assure a low rate for power production?



MR. OLDS: I think that the short answer is that regulation, as a means of protecting people in their right to low rates, fails for three reasons. In the first place, it looks backward, to last year's business. Rates are not high because of excess profits, but they are high because of high costs which result from a very backward sales policy on the part of the utilities. Where there is public competition, private companies have found it possible to charge much lower rates than they ever charged where regulation is the only force. I haven't time tonight to cite examples, but I could give you many. In the second place, commissions have no cost standards on the basis of which to regulate. They lack those cost standards because you have no competition which can show you how low costs can be and finally, and I'm sorry to have to admit this, one of the reasons that regulation fails is because there is so much political influence of the public utilities that are supposed to be subject to regulation in the politics which determines who sits on the commissions -- determines the question of appointment and reappointment.

REP. MILLER: Public service commissions throughout this country have done an adequate job, in my judgment, of regulating rates. You have no yardstick comparison when you're comparing a company that pays taxes -- federal, state and local -- to an operation which pays no taxes. That's a yardstick eighteen inches long only. But the amazing part of the whole thing is that in the past twenty years in our country the utility rates have gone down about 100% all over the country. The rates charged in New York State by the utilities today are not as high as they were 20 years ago, but in the case of the public ownership of power, in every case they've gone up and up and up. TVA just raised its rates only recently. As a matter of fact, government ownership is much worse than is the political influence of utilities that my opponent is talking about. No matter what the political influence of the utility, it is subject to regulation from which there is an appeal of mandamus. Where is the appeal from politicians in power? If a political party owns a power operation it can determine who will get power and who doesn't -- depending on how they vote on what party they contribute to -- and there is no appeal at all. There is just one political party in power.

MR. OLDS: There is just one thing I'd like to say about these rate reductions that my honorable opponent has been talking about. It is interesting to note that the rate reductions by private companies in the vicinity of TVA, over that period that Congressman Miller is talking about, have been just twice as rapid as the reductions in the rates charged by private companies throughout the country. In other words, the really influential factor in these reductions of rates that he's talking about, has been the example set by TVA and the fear of private utilities all over the country that the people would vote for an extension of the TVA principle.

REP. MILLER: We've had a reduction in New York, where there has been no threat of TVA.

MR. WITMAN: We've been talking about this question in terms of subsidization of power and we find that our distinguished gentlemen up here do not agree on this matter of how much is subsidized. We have talked about the relative cost of power and price comparisons and the value of public versus private, and we find these gentlemen do not agree on that subject. We have talked about regulation and prices and they have laid before you two points of view from which you can make a decision, which is the true democratic process. Now, one of the things I've heard a lot about in the course of my listening and reading about public versus private power, is that public power is, in fact, creeping socialism. Is this true? Is it creeping socialism? Are we moving away from our tried and true free enterprise system? Mr. Miller, will you start on that?

REP. MILLER: I suppose the best authority on that would be Norman Thomas who ran for president on the Socialist ticket about six times and writing in the Newark, New Jersey STAR LEDGER on January 7, 1955, Mr. Thomas had this to say -- referring to Mr. Robert Moses, Chairman of the New York State Power Authority: "Mr. Moses is right. The advocacy of public power does not, of itself, make a socialist, or the practice of



it constitute a full program of socialism but, of course, the principle behind public development of power is socialistic and it is rather childish to deny it." Now the proposition is that you cannot have any phase of our economic endeavor in this country half free and half slave. In other words, if you're going to have half of the operations in the electric light field pay taxes and the other half not, eventually you will have to have it all pay taxes or all be subsidized and free of tax payment -- you can't have half of one and half of the other.

MR. OLDS: In spite of what has been quoted from Norman Thomas, I'd like to challenge the statement that the public power is creeping socialism. In the first place we must understand, as I pointed out initially, that the power business is a public business -- that under law it's a public business -- and that means that the people of this country, their communities, have the right to choose how they will have their power business conducted, whether on a public basis, on a cooperative basis or a private basis. I called your attention to the fact that since the birth of the industry in 1882, we have had public plants in this country. That has been a part of the American approach to power distribution, to power generation distribution. Throughout all the country's economic activity this possibility of people undertaking these public service industries -- whether they are power or gas or water or the streets or the postal service -- have been a very salutary influence in making possible the development of private enterprise in this country. And private enterprise itself would hesitate to go back on many of those fields in which the people have sought to conduct their business on a public basis. The Ontario hydro-system which I have discussed at some length is supported by the businessmen of the Province because of its great contribution to private enterprise in that Province.

REP. MILLER: I'd like to answer that by saying that a short time ago I talked to one of the commissioners of the Ontario Hydro Department and he said the only reason we're in business over here, in the power business, is because we had no private utilities with the financial capital or the engineering know-how to undertake the project, what you're arguing about in America, I don't know! I don't argue with the fact that 51% of the people of this country choose socialism. They can have it, but I'm only saying that 15% of all of the power in the country today is government and you can't have 85% paying taxes and competing with the 15% who don't pay taxes and, therefore, eventually this problem will have to be settled on a basis of all government or all private and there is no worse monopoly in all the world than government monopoly and, believe me, because I am in it.

MR. WITMAN: I am much impressed by the arguments which each of you have been summoning to support your position. But, you know, there is something that has occurred to me. I am sure that this large audience that's before us and the vast audience that is listening to us is thinking too of some of the things that they have been reading about in the last few days in the public press, namely, the Dixon-Yates affair. How much of what you two gentlemen are saying applies to the Dixon-Yates matter? Do you want to comment on that, Mr. Miller?

REP. MILLER: Yes, of course it does because, as a matter of fact, the Tennessee Valley Authority wanted the taxpayers of the United States -- the taxpayers of Syracuse and Albany and New York City and Michigan and Ohio and everyplace else -- to build a steam plant so that they could expand the amount of power which they had in the Tennessee Valley Authority to give it to the City of Memphis tax-free, at our expense, so that then they would have cheaper power and they could invite Syracuse industry to come down to Memphis and settle and go away from Syracuse because they had cheaper power, no taxes, etc. Finally it was decided if they were going to have additional power, they would do it themselves. Now there is going to be no Dixon-Yates because Memphis is going to build its own plant and it's going to sell its own bonds and the people are going to pay for it themselves and that's fine with me. If that's what the people of Memphis want to do, that's fine with me but I don't want the people of New York to pay for it.

MR. OLDS: I've already suggested, Congressman Miller, that the TVA is charging enough and is paying into the Treasury of the United States enough to be equivalent



to what private companies would pay in taxes. Now, as to the Dixon-Yates matter, the simplest thing in terms of taxpayers is that the result of the Dixon-Yates project -- if it had gone ahead -- would have been a cost to the taxpayers of this country variously estimated from 90 million dollars to 140 million dollars more than they would have to pay if the project had been built by the Tennessee Valley Authority. It's a very costly scheme for undermining the TVA while, at the same time, saying very sweet words about wishing to maintain the efficiency of TVA. Actually, the Dixon-Yates holding company combination that was proposing to build this had the opportunity under the contract that was negotiated by the administration to make profits at the rate of from 20% to 30% a year on their invested capital.

MR. WITMAN: All right, now let's find out what some of you people are thinking about and what you would like to ask these gentlemen. Let's start with some audience questions.

QUESTIONER: Congressman Miller, we in public schools must submit purchases over \$500 to competitive bidding. Why was the Dixon-Yates contract for 107 million dollars awarded without competitive bidding?

REP. MILLER: Because of the fact that in a matter of utility operation there is only in general areas one utility or one government agency -- whatever it may be -- that can undertake and do the work. The Dixon-Yates systems were already there -- they were in that area -- the transmission lines were there -- so that the steam plant was built, the power went right into the transmission lines already there and there could not possibly be any competitive bidding in that field of endeavor.

QUESTIONER: Mr. Olds, isn't organized labor in a better bargaining position when dealing with private power than when dealing with public power?

MR. OLDS: I think that there is a situation at present in the power situation where, because of certain legislative matters -- certain laws that control cities, the problem of working out collective bargaining is more difficult in certain cities where they have public power than it is where private power prevails. I think, on the other hand though, that you will find that the unions are being offered by the private power companies special bargaining opportunities in exchange for taking a position that advocates the perpetuation of power monopoly, as against public power development.

REP. MILLER: Of course labor is in a worse position if it works for government. Anyone in Russia can tell you that. As a matter of fact, the American Federation of Labor of the State of New York, the International CIO Union Electrical Workers have supported the private development of Niagara. If public ownership of power becomes a fact in this country, no laboring man working for public agency can strike or bargain for wages, or improve its position or anything else.

MR. OLDS: I've got to add one thing. The National CIO Union, that whole group of unions, is on record in favor of public power.

REP. MILLER: That wouldn't be because of all this manipulation you're accusing utilities of, would it?

MR. WITMAN: If there was any doubt in anybody's mind before tonight that this was a controversial question, it should be now erased.

QUESTIONER: Congressman Miller, will not the seaway destroy much of the recreation area along the St. Lawrence, which is a source of tourist trade and revenue?

REP. MILLER: I wouldn't have the slightest idea.

QUESTIONER: Mr. Olds, would it be practicable for the government to develop the power project in its initial stages and then turn it over to a private organization that has demonstrated engineering skill and operating efficiency?

MR. OLDS: It would be perfectly feasible technologically but the people would lose all the advantages of the government having made the development in the way of the influence which the project could exert toward lower electric rates.



REP. MILLER: I'd like to just tell you about that. The authority up at Massena -- the St. Lawrence project in New York -- let me tell you how much the state power authority thinks of all of the people. They've given the City of Plattsburg 33,000 kilowatt hours when they can't use more than 9 -- they've given the Aluminum Company of America 177,000 kilowatt hours. They've given other states 108,000 -- other industry 183,000 -- municipalities and cooperatives 75,000 and the private utilities only 143,000 kilowatt hours -- 19% of all of the power of the St. Lawrence in the face of the fact that the utilities are serving 95% of all of the people in the State of New York.

QUESTIONER: Congressman Miller, if private power companies can't afford to build the necessary installations, why do they object to public power financing?

REP. MILLER: I know of no such case where a multiple purpose proposition is necessary for irrigation, reclamation, flood control. Private utilities cannot go into those fields -- they're government fields -- and there is no reason why the government shouldn't develop the incidental hydro power created as a result of the construction of the dam. Private utilities never tried to develop the St. Lawrence project in New York State, for instance, because it involved navigation, it involved a compact with Canada. As a matter of fact, 100 million dollars are involved in the navigation aspect of that proposition.

MR. OLDS: There is one incorrect statement that Congressman Miller has just made. Private utilities did set out and want to develop the International Rapids section of the St. Lawrence River. The Niagara-Hudson set up the Frontier Corp. to do just that thing.

REP. MILLER: Absolutely not -- that's not true.

QUESTIONER: Mr. Olds, will the development of St. Lawrence power act as a yardstick for power for places charged by public utilities?

MR. OLDS: That all depends on the way in which the power from the St. Lawrence project is marketed. During the period when I was with the New York Power Authority we had plans which would have made it definitely a yardstick. It would have distributed power, in part, to municipal and later cooperative electric systems, which would have established rates which would have meant a yardstick influence on the rates in this state.

REP. MILLER: But you will agree with me that the way they're doing it -- the way the Power Authority of the State of New York is handling the St. Lawrence project -- it will be no yardstick?

MR. OLDS: I think it depends a great deal on whether the Congress -- and that's the Lehman Bill or the Capehart-Miller Bill....

REP. MILLER: You're talking now about the Niagara -- you stick to the St. Lawrence. I mean the contracts they've already made for St. Lawrence power. You'll agree they're bad and that's a government agency for you -- and you'll agree with me.

QUESTIONER: Does the government have a right to be establishing yardsticks -- is that part of the function of government?

REP. MILLER: No -- there's no yardstick anyway. It's only eighteen inches. They don't pay any taxes. They don't pay any interest.

MR. OLDS: I have suggested in part of this program that there is a complete yardstick in these federal power projects and that they measure the full thirty-six inches, equivalent to the inches that are in the private yardsticks.

REP. MILLER: If I ran a business against you and I didn't pay any taxes and you did, how would you like my prices to be a yardstick for yours?

QUESTIONER: Well isn't it true that in most of these power developments, the government today is playing down power and talking about defense and irrigation and development of the community, rather than power?

REP. MILLER: Absolutely.



MR. OLDS: You mean the present administration? I think it is playing down power. The previous administration did not.

MR. WITMAN: Do you want to comment, either of you gentlemen, any further on this last point -- and that is that there has been some relationship between power for power's sake and power for the sake of the related activities?

REP. MILLER: When the constitutionality of the TVA was argued in the Supreme Court, the Solicitor General of the United States who is now the Supreme Court Justice, Stanley Reed, said in his argument that if it was a simple question of naked power it would be unconstitutional for the United States Government to go into the business. It was only incidental to the governmental function involved that he justified the constitutionality of it. In the Niagara River, there isn't any question of government at all of any kind, nature or description -- no irrigation, reclamation, flood control -- a simple, naked question of power. But now the government wants to go erect it.

MR. OLDS: The question of the constitutionality of the government developing power by itself, not as an incident to these other functions, has not ever been completely settled in the courts. However, the Turlock Irrigation District decision indicated that the general welfare clause is broad enough to enable the government to go into the power business. As far as the Niagara Falls project is concerned, that project will ultimately include a regulation of the outflow of Lake Erie and will involve navigation and the host of the lake levels in Lake Erie.

REP. MILLER: Only when this fight got started for the first time did anybody ever contend there was any navigation in the Niagara River except somebody going over in a barrel.

MR. OLDS: You read the New York Power Authority 1938 report and you'll find that a study made by the New York Power Authority indicated that the best development of Niagara would include those gates at the outlet of Lake Erie, which would involve navigating the depth of the Harbor of Buffalo and the other harbors on the Great Lakes.

REP. MILLER: By the corps of Army engineers that will control the project.

QUESTIONER: Congressman Miller, if Memphis does not build its own power station, should a new contract be given to a private company?

REP. MILLER: If they want the power and a private company wants to do it -- fine with me.

MR. OLDS: I think that the value to the entire country of the TVA is such that any attempt through introducing private power into the operation of that system which would gradually undermine its effectiveness would be a tragedy.

REP. MILLER: When we argued the TVA appropriation of 6-1/2 million last week in the Congress, one of the Congressmen representing Memphis said...."we are guaranteed power for the City of Memphis, not for the individuals even, but for industries and furniture factories, everything else, and we insist upon TVA giving us all this power." If TVA gives the City of Memphis that power, it doesn't have the power for the Atomic Energy Commission for its sites down there so why should we provide all the money for cheap power for Memphis, Tennessee. Let them figure their own problems out.

QUESTIONER: Mr. Olds, under which system -- public or private -- would the potentials of atomic and hydro-electric power, that is both, be best developed?

MR. OLDS: I'd like to answer that in terms of atomic power first. I think you'll get economical atomic power -- economically feasible atomic power -- probably sooner if the government plays a material part in the development than you will get if it is left entirely to private enterprise. As far as hydro-electric power is concerned, the people of this country will get from two to three times as much hydro out of their rivers if it is developed by the government, as they will get if it is left to private development.



REP. MILLER: Well, of course, that just isn't true because under the treaties of the United States is determined how much of a diversion you can make. As a matter of fact, it's been the utilities for the past 50 years that have tried to point out to the federal government that there should be a treaty with Canada to provide an additional diversion to Niagra Falls to permit it to have more hydro power there and every bit of hydro power which is allocated to the American side and which can be diverted and used will be used. All that has been diverted under the treaty for the past 50 years has been used. Now, believe me, government can never give you anything it hasn't first taken away from you and government can never do anything as efficiently as can private enterprise. That's why I'm in favor of selling the synthetic rubber plants and everything else to private enterprise. Sparked with the ingenuity of free men, they do a better job than government bureaucracy any time, any place, in anything.

MR. OLDS: I just think that statement is a terrible reflection on democratic government.

REP. MILLER: Government to govern is all right. Government in business is all wrong.

MR. OLDS: You said that the government never gives you anything it doesn't take away from you.

REP. MILLER: The government starts with nothing.

QUESTIONER: Mr. Olds, what justification is there for providing public power to develop industry in the south to the detriment of the economy of the New England States?

MR. OLDS: The New England people settled that themselves. The south wanted the federal government to develop the power of the Tennessee River, to develop the power of the Savannah River, to develop the power of other rivers of the south. The New England people opposed the federal government developing equally good power on the Connecticut River, the Merrimac River and the other rivers of New England. New England could have had a development similar to the south, could have had similar reductions in electric rates, could have had similar stimulus to its manufacturing development and the retaining of industries if it had chosen.

REP. MILLER: And if it chose so, and every other area chose so, then we'd have federal power every place and socialization of industry and away goes the yardstick and you've got complete government bureaucracy of power and they'll determine whether you're going to get any or whether you're not. If my Mother was in an iron lung, I wouldn't want to have some politician determining or deciding whether she was going to get power.

QUESTIONER: Mr. Olds, how may we be sure that public control will be democratic?

MR. OLDS: I think you can be surer that public control will be democratic than you can be sure that private control will be democratic. One of the very interesting things, if you study the whole development of power, the marketing of power, the whole power business of the country, is the extent to which the conduct of public power enterprises reflects the interest of the people. They have a direct relationship with the city legislator, the state legislator, the federal legislator, to determine how the conduct of that public power enterprise shall run and, as a result, you have remarkable results in the way of expression of democratic interests in the conduct of public power enterprise.

REP. MILLER: All we need to do is look to Massena, New York, where the St. Lawrence project is underway and the supervisor up there says... "For the life of me, I've been unable to understand some of the poorly planned and seemingly asinine policies promoted in this project. You have moved into this area to build approximately a 3 or 4 billion dollar development without any advance preparation or plans for excess roads, streets, bridges, railroads, housing, school, hospital facilities or even proper office facilities for your engineering and other staffs. You've destroyed our roads, you've placed the lives of our residents needlessly in jeopardy and danger," and for all of that he was called by the bureaucrat head of the New York State Power Authority a cheap politician.